

## Cement

## PIOC: Earnings jump by +19%YoY to PKR 3.95 in 3QFY17

- Profitability for Pioneer Cement Ltd (PIOC) increased by +19%YoY to PKR 898mn (EPS PKR 3.95) in 3QFY17, taking profitability for 9MFY17 to PKR 2,399mn (EPS PKR 10.56), up by +38%YoY.
- Revenue increased by +18%YoY to PKR 2.89bn in 3QFY17, taking 9MFY17 revenue to PKR 8.09bn mainly on the back of growth in clinker sales.
- Savings from operations of 12MW WHR plant supported gross margins at 42% in 3QFY17 as compared to 43% recorded in same period last year amid higher coal prices.
- Effective tax rate decreased to 22% in 3QFY17 as against 25% recorded in same period last year, supporting bottom line growth.

## Recommendation

We maintain 'HOLD' call on the scrip with Dec-17 TP of PKR 172/share, offering upside of +8% from last closing. PIOC is currently trading at FY17E P/E of 11x.

Exhibit:

## PIOC Result Highlights

PKRmn	9MFY17	9MFY16	YoY	3QFY17	3QFY16	YoY
Net Sales	8,089	6,832	18%	2,897	2,454	18%
Gross Profit	3,325	2,787	19%	1,211	1,052	15%
S&A Exp	105	100	5%	38	35	9%
Finance Cost	6	16	-64%	3	3	1%
Pre-tax Profits	3,164	2,658	19%	1,156	1,005	15%
Post-tax Profits	2,399	1,745	38%	898	757	19%
EPS	10.56	7.68	38%	3.95	3.33	19%

## Key Ratios

Gross Margin (%)	41	41		42	43	
Net Margin (%)	30	26		31	31	
Effective Tax Rate (%)	24	34		22	25	

SOURCE: Company Accounts, IGI Research

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**Time Horizon:** Dec - 2017

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IGI Finex Securities Limited

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